AR61



1996 Annual Report

and 1st Quarter Report

Corporate Profile

Probe Exploration Inc. is a publicly-traded exploration and development company based in Calgary, Alberta. The Company's activities are focused on oil and gas exploration and production in high reward areas in central Alberta and Saskatchewan.

Since Probe's management team changed in June 1993, the Company's net asset value has increased from $1.0 million to almost $75 million. Oil and gas revenues increased from $621,447 to $2,662,794 for 1996, and are projected to reach $13,540,000 for 1997. Production has similarly increased from 80 BOED to a current rate of 1,200 BOED. The number of operating areas has been consolidated from over 50 to five company-operated core areas, and average working interest has increased from less than 10% to between 75% and 100%.



Probe Exploration Inc. is committed to a strategy which includes aligning its cash flow with its sizable proven asset base, converting its probable reserve base to proven reserves, developing its exploratory land base and improving its operating netbacks.

ANNUAL GENERAL MEETING

The Annual General Meeting of shareholders will be held on Thursday, December 19, 1996 at 3:00 p.m. in the Viking Room of the Calgary Petroleum Club, located at 319 - 5th Avenue S.W., Calgary, Alberta.

Evolution of a company

PROBE
EXPLORATION INC.

from emerging to established

Evolution of a company

from emerging to established

Winspear Business Reference Room
University of Alberta
1-18 Business Building
Edmonton, Alberta T6G 2R6

Corporate Highlights

	Years ended June 30		Three months ended Sept. 30 (unaudited)	
	1996	1995	**1996**	1995
FINANCIAL				
Gross revenue	**2,680,248**	1,201,963	**1,271,052**	726,418
Funds from operations	**525,579**	244,536	**399,262**	233,342
Earnings before depletion, depreciation, interest and taxes	**716,578**	263,949	**438,919**	259,952
Net income	**62,752**	65,493	**132,571**	139,615
Oil and gas properties (net of depletion and depreciation)	**13,380,175**	7,022,031	**14,023,725**	7,222,808
Common shares outstanding	**33,083,614**	22,524,848	**33,443,614**	28,524,848
- to be issued at end of period	**300,000**	6,000,000	—	—
OPERATING				
Production - BOEPD (avg.)	**392.5**	193.2	**661.4**	453.8
MCF/D	**734.7**	480.2	**1,402.4**	183.9
Bbls/D	**319.0**	145.0	**521.1**	435.4
Land holdings (acres)				
Gross	**151,956**	194,533		
Net	**86,090**	95,795		
Drilling activity				
Total wells	**16**	14		
Exploratory wells	**4**	3		
Development wells	**5**	7		
Recompletions	**7**	4		
Probe-operated	**12**	8		
Reserves - MBOE	**10,905**	5,248.2		
Proven	**7,878**	3,880.7		
Probable (risked 50%)	**3,027**	1,367.5		
NPV at 15%	**$ 74,110,000**	$ 34,930,700		

President's Letter to Shareholders

Probe has evolved into a long-term player in the Canadian oil and gas industry

In light of the impressive results achieved by Probe over the last year, we believe strongly that Probe is no longer an emerging company, but a company that is well on its way to establishing itself as a long-term player in the Canadian oil and gas industry.

Since 1993, we have increased the Company's net asset value from $1.0 million to almost $75 million, and oil and gas revenues from $879,361 to over $5.0 million in 1997, based on annualized first quarter results.

This dramatic increase has been achieved with working capital of only $12.7 million. Current average production, is 1,200 BOEPD with a target of 1,800 BOEPD by December 31, 1996. We have consolidated the number of areas in which we participate from over 50, with average working interests of less than 10%, to five company-operated core areas with average working interests of between 60% and 100%.

This focus on core areas has resulted in changes in other aspects of the Company's operations. In the past, the bulk of our capital expenditures has been on exploration and acquisitions; however, the largest portion of our capital budget is now directed toward facilities, an indication of the Company's maturing capital profile. Other signs of Probe's maturing status include our prudent development strategies and the resulting stable cash flow, which will enable the Company to internally fund future exploration of our 86,000 net acre land position. As well, our technical strength has shown marked improvement and new programs applied on key development properties have established substantial oil and gas revenue.

Currently, Probe's reserve profile is weighted approximately 48% in favour of light oil, 29% heavy oil and 23% natural gas. This strategy protects the Company from the market fluctuations experienced by companies with activities limited to a single commodity.

Probe is on the forefront in terms of adopting new technologies and strategies. The Company first applied Steam Assisted Gravity Drainage (SAGD) technology in 1994 when this process was emerging as a new method for enhanced recovery of heavy oil. As well, Probe entered into agreements with First Nations groups to actively explore for oil and gas on Native-owned lands, a strategy which was developed as an alternative to the highly competitive crown bid process.

Probe met or exceeded all objectives set for 1996

Part of being an established company is having the ability to set challenging, aggressive yet realistic objectives and developing viable strategies for achieving those objectives. Probe was successful in that regard throughout 1996:

Objective	Result
• Strengthen cash flow through development of reserve base	• doubled cash flow • increased reserve base by 112% • increased net asset value at 15% DCF by 112%
• Accelerate the development of projects Probe already owns	• discovered six new pools • improved quality of core land area • increased average production from 193 BOEPD to 400 BOEPD with a September 30, 1996 exit rate of 860 BOEPD
• Increase the value of investment in Probe	• improved share price from a 1995 high of $0.57 to a 1996 high of $1.39 • increased volume of shares traded to in excess of 14 million as of October 31, 1996, compared to 5.8 million for all of 1995
• Strengthen and expand investor relationships	• raised approximately $6 million of new capital and debt to fund drilling and development projects • generated solid following among key analysts • expanded investor interest in Canada, New York and London
• Continue alliances with First Nations Groups	• signed new five-year agreement covering key acreage
• Improve operating netbacks	• increased netbacks from $7.73 in 1995 to $8.69 in 1996; in the first quarter of fiscal 1997, netbacks averaged $10.53

Probe will continue to increase value to its shareholders by working toward the following corporate objectives in 1997:

- align cash flow with sizable proven reserve base
- convert probable reserve base into proven reserves
- continue to develop exploratory land base and expand limits of core areas
- increase production to 1,800 BOEPD by December 31, 1996
- maintain working interests of 50% to 100%
- continue with strategy of maintaining operatorship in majority of prospects
- continue to improve operating netbacks

Considerable progress toward these objectives has already been achieved as evidenced by our results for the first quarter of fiscal 1997. Cash flow has increased by 71% and production rates have nearly tripled. The combination of new drilling in the first quarter of fiscal 1997 and the acquisition of partner interests in core projects will result in considerable gains in proven reserves.

Probe's success is the result of corporate bench strength

Ultimately, Probe is a group of 16 individuals, all of whom possess proven track records. Probe's board includes six outside directors who contribute time, vision and guidance to the affairs of the Company. The success Probe has experienced over the years, and especially in 1996, is the result of their combined team effort, expertise and belief in their Company. We thank the staff and directors for their dedication and we thank our shareholders for their continuing support.

As we enter a new year with fresh objectives and new challenges, we look forward to reporting further achievements and progress.

On behalf of the Board of Directors,



Stephen P. Gibson
President

Operations Review

Throughout fiscal 1996, Probe enjoyed success in the majority of its activities. The Company discovered six new pools and increased its average production from 193 BOEPD to 400 BOEPD. Probe's exit rate for fiscal 1996 was 650 BOEPD, and our expected exit rate for calendar 1996 is 1,800 BOEPD, with a predicted oil to gas production ratio of 60:40. Currently, our average production rate is 1,200 BOEPD, consisting of approximately 70% oil and 30% gas. The production split for 1997 is targeted at 60% oil and 40% gas.

Together with substantial improvements in production, our operational activities increased the potential for further development of projects such as Leduc, Antler and Majestic. Over the long term, Probe could drill in excess of 50 wells on land currently included in the Company's inventory.

Probe's 1997 capital program of $16 million is outlined below:

Area	Planned Program	Cost
Facilities	• gas plant and gathering system expansion at Leduc/Calmar • new oil battery at Leduc • facilities expansion at Antler and Majestic	$6.0 MM
Oil & Gas Acquisitions	• acquisition of partner and non-partner interests in core operating areas • $2.5 million has already been spent in the first quarter of 1997 to acquire an additional 50% WI in the Kitscoty project	$5.5 MM
Drilling & Completions	• 24 well program, of which five have been drilled at the time of writing and a further seven will be drilled or recompleted prior to the end of calendar 1996	$4.0 MM
Geology & Geophysics	• 3-D seismic programs scheduled for Leduc and Antler	$0.5 MM
Total		$16.0 MM


ALBERTA
SASKATCHEWAN
Kitscoty
EDMONTON
Neilburg
Leduc
Little Pine
Sweet Grass
Mosquito
CALGARY
Red Pheasant
Majestic
REGINA
Antler
Probe Operating Areas

LAND AND DRILLING

During 1996, Probe drilled nine wells, of which five were company-operated. Probe also recompleted seven wells, all of which were company-operated. The overall program resulted in seven oil wells and four gas wells. Of the five dry holes, two were farmed out and drilled at no cost to Probe. Two others were recompletions, performed by the Company at relatively low cost.

Drilling Activity

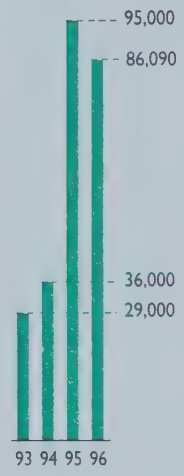
	1997	1996	1995	1994	1993
Total Wells	24	16	14	17	2
Exploratory Wells	4	4	3	13	2
Development Wells	16	5	7	4	–
Recompletions	4	7	4	–	–
Probe Operated	22	12	8	11	–

	To Date	1996	1995	1994	1993
Total Wells	5	16	14	17	2
Oil Wells	3	7	7	5	1
Gas Wells	1	4	2	5	–
Dry Holes	1	5	5	7	1
Probe Operated	4	12	8	11	–

The amount of seismic acquisition in 1996 was less than that of previous years as Probe concentrated on development projects and made use of its sizable inventory of recent seismic data. Probe did shoot 3.1 square kilometres of 3-D seismic, at a cost of $120,000, for use in development drilling at the Kitscoty project, and 36 km of 2D seismic for exploration purposes, primarily at Little Pine.

In keeping with corporate strategies, Probe continued to improve the quality of its land base by moving toward 100% working interests in our core areas. In particular, Probe substantially increased its high working interest land position at Leduc, which resulted in a more contiguous acreage layout. New, long-term agreements involving Probe's First Nations land holdings are expected to increase both gross and net acreage positions in 1997 by 42,000 acres.

Land holdings
net acres



LEDUC GAS PROJECTS

Probe operates and holds 53% of the Calmar plant and lands at Leduc West, which now show new long-term economic viability.

Probe operates and holds 50% to 100% working interests in the Leduc East gas project, which is now a major component of our area strategy.

1996 Highlights

- Following its acquisition of the Calmar facility in June 1996, Probe obtained additional reserve commitments from area producers
- Calmar netbacks are expected to increase through a combination of lower operating costs based on higher throughput and improved product pricing
- Probe's gas gathering project at Leduc East continues to grow, with four wells now producing a total of 2.4 MMCF/D net to Probe; full production capability in the area is 6.5 MMCF/D net to Probe

Future Activities

- Probe's Calmar plant should be operating at its full capacity of 4 MMCF/D by the end of calendar 1996, with a substantial expansion planned for 1997
- Gas production at Leduc East may increase as a result of solution gas associated with Probe's area oil projects

Leduc-At-A-Glance

Working Interests: 50 to 100%

Gross Land Holdings: 20,640 acres

Net Land Holdings: 15,098 acres

Reserves: Gas - 24.2 BCF

Liquids - 5.4 MMBBLS

Wells: 18

Net Production: Gas - 2,460 MCF/D

Liquids - 172 BOEPD

Facilities: Sour gas plant, oil battery

LEDUC WABAMUN PROJECT

Probe operates the Leduc Wabamun project and holds interests ranging from 45 to 60%.

1996 Highlights

- Probe drilled and completed a Wabamun oil and gas well in February 1996, which should be on stream by the first quarter of calendar 1997

Future Activities

- Additional locations are indicated on 3-D seismic
- New Wabamun exploratory potential has been identified three miles south of the current discovery on Probe-owned lands

LEDUC LOWER MANNVILLE PROJECT

Probe operates and holds 70 to 100% working interests in all lands covering the new Lower Mannville play.

Light oil reserves provide superior operating netbacks.

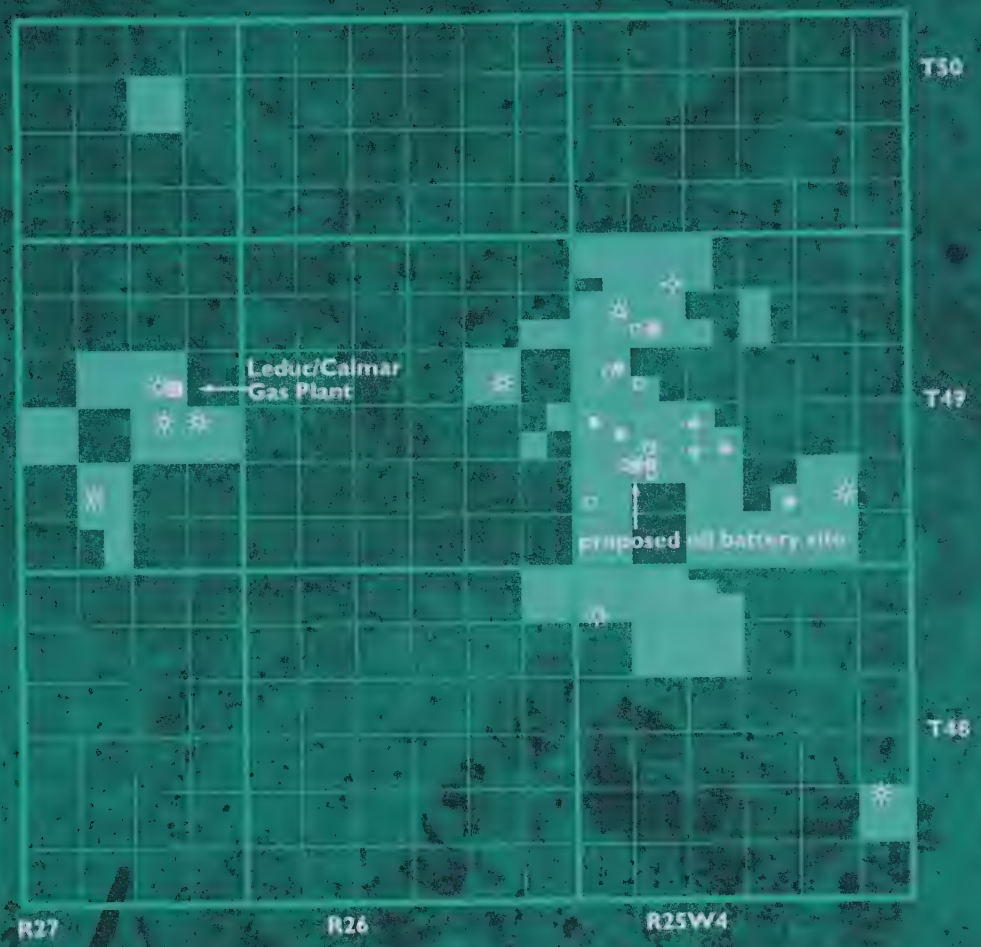
1996 Highlights

- In June 1996, Probe completed a new light oil discovery in an undisclosed formation in the Lower Mannville which has now been equipped to produce at an initial rate of 75 BOPD
- Using data from old well bores drilled on 40 acre spacing, Probe has been able to map the initial discovery through three sections with total pay thicknesses ranging from six to 12 metres
- Three additional pay zones associated with the play have also been identified on Probe lands
- Four delineation wells have been drilled and cased

Future Activities

- Recently drilled and cased wells will be completed and equipped for production prior to January 1, 1997
- Six new wells are scheduled for drilling in fiscal 1997
- Additional development of the project will require a 3-D seismic program over six sections
- Probe believes this new discovery is the beginning of a major new project which will involve drilling 30 or more wells over a two year period and building new facilities for oil and solution gas

Leduc Area



Antler



ANTLER PROJECT

With the latest acquisition of partner interests, Probe now holds 55% of Antler lands, wells and facilities.

Antler crude sells for premium price and provides superior operating netbacks and substantial cash flow base.

Facilities ownership guarantees low operating costs.

Antler-At-A-Glance

Working Interests: 55%

Gross Land Holdings: 3,600 acres

Net Land Holdings: 1,980 acres

Reserves: Oil - 364.3 MBBLS

Wells: 10

Net Production: 90 to 100 BOPD

Facilities: Oil battery

1996 Highlights

- New oil wells drilled by Probe in February 1996, continue to perform with minimal water cuts
- Follow-up Souris Valley formation well tested at 300 BOPD

Future Activities

- Facilities up-grades to improve water handling capabilities are planned for the fall of 1996
- Five-section 3-D seismic program is planned for December 1996
- Drilling in 1997 includes two to eight possible additional locations

MAJESTIC PROJECT

Probe operates and holds 30% working interest in two sections and 60% in one adjoining section.

Horizontal development converts reserves to cash flow.

Majestic-At-A-Glance

Working Interests: 30 to 60 %

Gross Land Holdings: 1,920 acres

Net Land Holdings: 704 acres

Reserves: Oil - 189.8 MBBLS

Wells: 1

Net Production: 60 to 100 BOPD

Facilities: Oil battery

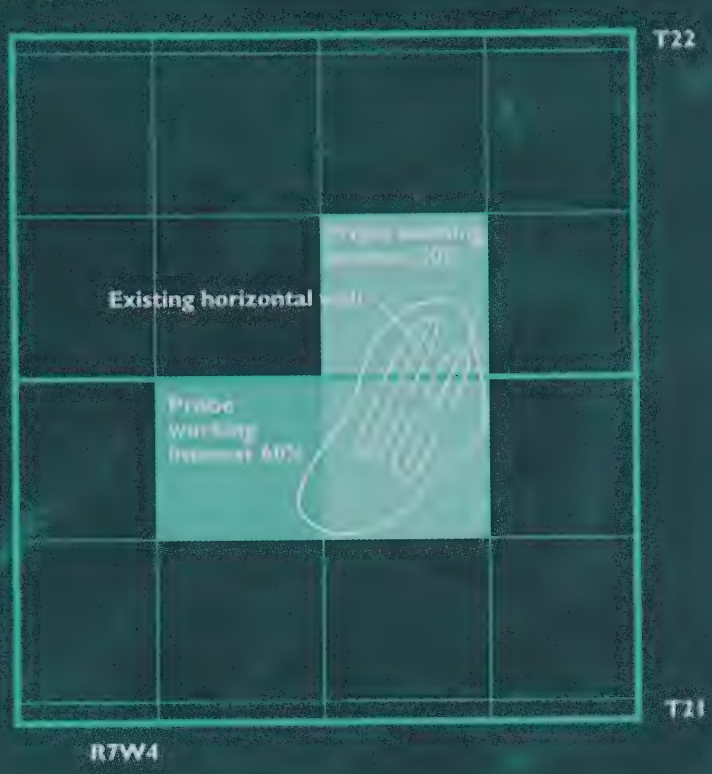
1996 Highlights

- Probe drilled a horizontal well which encountered 380 m of oil pay in a Glauconite channel; the well is currently producing at 245 BOPD
- New facilities are under construction which should allow the well to be produced at over 300 BOPD

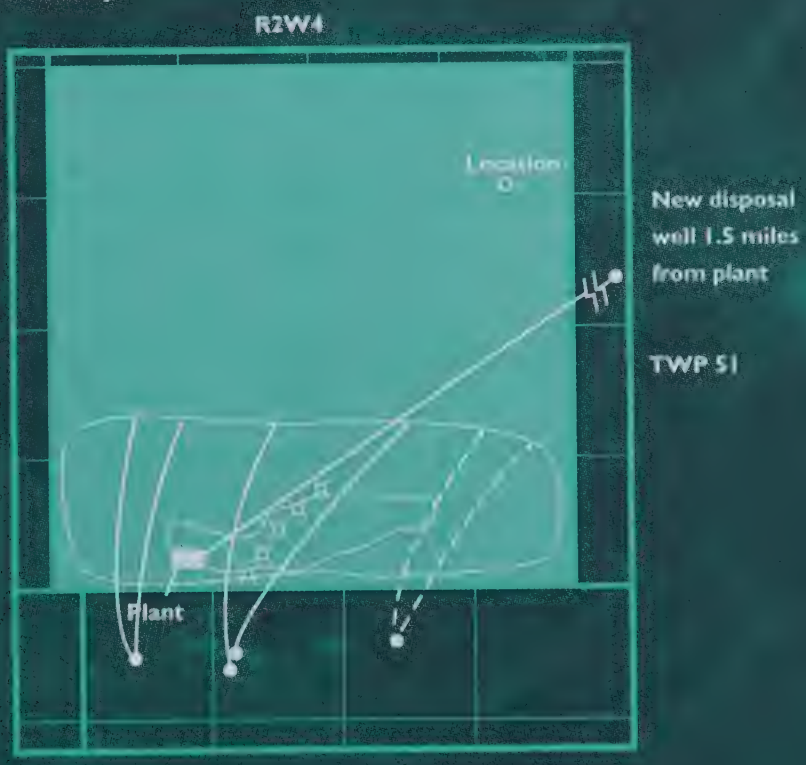
Future Activities

- The first follow-up well will be drilled in the fall of 1996
- Potential exists for 12 additional horizontal wells

Majestic



Kitscoty



Vertical steam injection wells

Proposed vertical wells

Existing horizontal wells

Proposed horizontal wells

KITSCOTY PROJECT

With the recent acquisition of partner interests, Probe's working interest increased to 85% throughout the Kitscoty project.

Steam Assisted Gravity Drainage technology now used at Kitscoty gives the project higher potential recoveries.

Kitscoty oil prices have improved to $21.00 per barrel.

Kitscoty netbacks have improved by $2.25 per barrel.

Kitscoty-At-A-Glance

Working Interests: 85%

Gross Land Holdings: 640 acres

Net Land Holdings: 544 acres

Reserves: Oil - 3,603.2 MBBLS

Wells: 10

Net Production: 288 BOPD

Facilities: Oil battery,
Steam generation plant

1996 Highlights

- Probe is continuing with its original plan of injecting steam via three existing vertical wells and producing from two new horizontal wells
- Current production is at 325 - 375 BOPD gross with a near-term target of 500 BOPD
- Recent acquisition of additional working interests solidified project control and accelerated development

Future Activities

- Probe has proposed five horizontal wells for near term
- One vertical well will test potential of a new exploratory play
- Substantial increase in recoverable reserves is expected through the application of SAGD technology

FIRST NATIONS PROJECTS

Probe operates all of the First Nations projects at Little Pine, Red Pheasant, Sweet Grass and Mosquito.

Probe holds 75 to 100% working interests in 94 sections of land.

A discovery at Little Pine represents the first commercial find on Probe's large exploratory acreage base on First Nations lands in West Central Saskatchewan.

First Nations Projects-At-A-Glance

Working Interests: 75 to 100%

Gross Land Holdings: 60,160 acres

Net Land Holdings: 59,360 acres

Reserves: Gas - 910.6 MMCF

Wells: 1

Net Production: 0

Facilities: none at present

1996 Highlights

- Probe drilled a new gas discovery at Little Pine in June 1996, which tested 3.9 MCF/D of dry gas at stable pressures

- Red Pheasant Reserve has been added to Probe's inventory of First Nations prospects
- A new five-year agreement is in place at Mosquito
- Industry activity adjoining First Nations lands has shown a marked increase

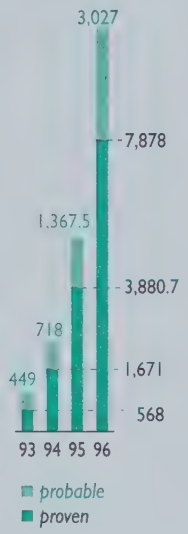
Future Activities

- A new agreement to secure an additional 100% working interest in 66 sections at Sweet Grass is pending
- Two to four additional locations have been identified at Little Pine
- Mosquito currently shows two viable exploratory locations
- An exploratory geophysics program is planned for Red Pheasant and Sweet Grass

RESERVES

An independent economic evaluation of Probe's petroleum and natural gas assets by Chapman Petroleum Engineering showed an increase of over 100% in the size of the Company's reserve base, from 5.2 MMBOE of proven plus risked probable reserves to 10.9 MMBOE for 1996. As well, the value of the Company's reserve base (cumulative net cash flow discounted at 15%) more than doubled, from $34.9 million in 1995 to $74.1 million in 1996. The value of Probe's reserves classified as proven producing (15% DCF) increased by 700%, from $2.6 million in 1995 to $19.3 million in 1996. The overall improvement in the size and quality of Probe's asset base was the direct result of the strength of its capital

Reserves
MBOE



Reserve Value ($000s except per share values)

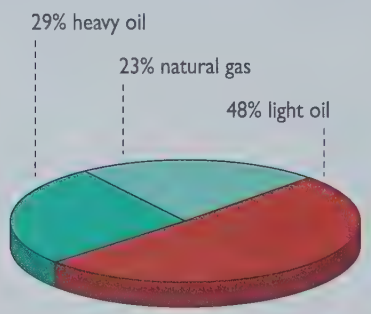
Discounted at 15%	1995	1996	% Change
Proven Producing	2,654.9	19,314.6	627
Proven Non-producing	22,074.6	30,598.3	38
Total Proven	24,729.5	49,912.9	101
Probable (risked at 50%)	10,201.2	24,197.7	137
Total Proven plus Risked Probable	34,930.7	74,110.6	112
Per Share	$1.55	$2.22	43

Reserves

	1996		Comparative		
	Liquids (BBLS)	Gas (MMCF)	1995 (MBOE)	1996 (MBOE)	% Change
Proven Producing	2,494.0	15,460.0	835.1	4,040.0	384
Proven Non-producing	2,808.4	10,296.6	3,045.6	3,838.0	26
Total Proven	5,302.4	25,756.6	3,880.7	7,878.0	103
Probable	5,098.8	9,544.4	2,735.1	6,053.0	121
Proven & Probable (unrisked)	10,401.2	35,301.0	6,615.8	13,931.0	111
Total Proven & Risked Probable	7,851.8	30,528.8	5,248.2	10,904.5	108

program in core areas such as Leduc, Antler, Kitscoty and Majestic.

Reserve Profile - at time of writing



The Chapman Report does not reflect recent reserve additions gained through drilling in the fall of 1996 and acquisition of the additional 50% working interest at Kitscoty. The Kitscoty acquisition completed in October 1996, has added an additional 2,119.5 MBOE of proven plus risked probable reserves to the above numbers.

An evaluation of the reserves gained through the fall drilling program is planned early in the new year.

Management Discussion and Analysis of Financial Conditions and Results of Operations

The following discussion is management's opinion of Probe's historical financial and operating results, as well as estimates of future financial and operating performance based upon information available as at June 30, 1996, and September 30, 1996. Actual results will vary from the estimated results and such variations may be significant.

Highlights

Year ended June 30, 1996

- **cash flow increased from $244,536 in 1995 to $525,579 in 1996**
- **reserve value increased 112% to $74.1 million**
- **netbacks increased for the year from $7.73/BOE in 1995 to $8.69/BOE in 1996**

Three months ended September 30, 1996

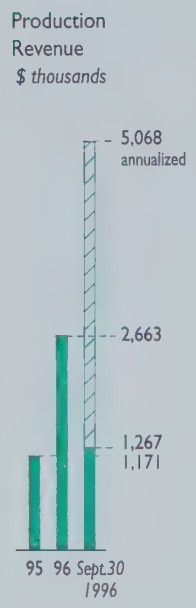
- **production increased to a record 661.4 BOEPD with an exit rate of 860 BOEPD**
- **increased production levels reduced G&A per BOE to $3.39**
- **cash flow increased by 71% compared to the three months ended September 30, 1995**
- **netbacks improved from year end of $8.69 per BOE to $10.53 per BOE at quarter end**
- **share price increased to $1.15**

Production Revenue

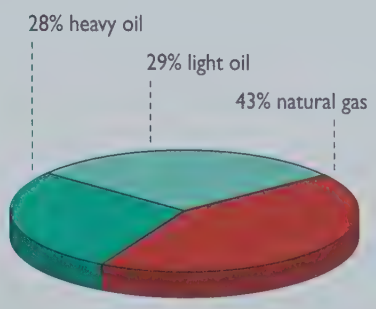
Oil and natural gas revenues for the year ended June 30, 1996 increased to $2.7 million from $1.2 million in 1995. This increase was fueled by exploration and development success, as well as the application of new technical programs to more effectively exploit producing properties, and higher average prices per BOE.

The impact of low heavy crude oil pricing throughout the winter was offset by stronger prices for lighter crude. Oil prices remained flat for Probe in the year ended June 30, 1996, averaging $17.84 per barrel compared to $17.87 in 1995. Higher oil pricing in the summer, coupled with additional volumes of light crude, contributed to first quarter revenue of $1.3 million vs. $700,000 as at September 30, 1995. Probe also realized a natural gas price of $1.69 /MCF in 1996, compared to $0.89 /MCF in 1995. The gas price increase is a result of superior long-term contracts.

Based on the January 1, 1997 target of 1,800 BOEPD Probe's production mix will be approximately 29% light oil, 28% heavy oil and 43% natural gas. Management expects continued growth in revenues into 1997, based on first quarter results of $1,266,926.



Production Mix



Royalties and Operating Expenses
BOE



Royalties

Royalty expense increased 251% in 1996 to $235,840 from $67,177 in 1995; this increase corresponds to the growth in production revenue. The royalty cost per BOE increased to $1.65 in 1996 from $.95 in 1995, reflecting higher production on freehold lands than on crown lands which are eligible for Alberta Royalty Tax Credit (ARTC).

Production Expenses

Larger production levels increased production expense to $1,182,827 in 1996 from $558,631 in 1995. Operating costs increased on a BOE basis to $8.25/BOE from $7.92/BOE in 1995. The Kitscoty project steam facility has now been fully implemented and costs which had previously been capitalized are now being expensed.

Probe anticipates costs will decrease on a per BOE basis as production increases, with operating costs per BOE budgeted at $6.41 for 1997. An additional positive trend is the projected increase in light oil production in 1997 which will offset higher production expense associated with Kitscoty operations.

Netback
BOE



Operating Netbacks

Probe's operating netback increased in 1996 to $8.69/BOE as compared to $7.73/BOE in 1995, due mainly to higher commodity prices on both light and heavy grades of crude oil during the last quarter of the year.

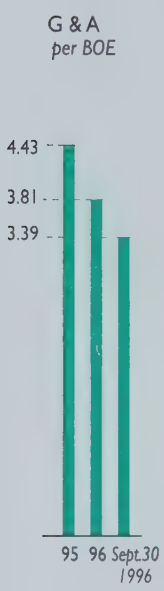
In 1997, Probe's objective is another increase in netbacks to $8.90/BOE as a result of continued strong crude oil prices, increased production levels and company-owned gas facilities becoming fully operational. The Company's first quarter netback of $10.53/BOE has exceeded management's projected netback.

Operating Netbacks

	3 months ended September 30, 1996		**1996**		1995	
	$	$/BOE	$	**$/BOE**	$	$/BOE
Production Revenue	1,266,926	20.82	**2,662,794**	**18.59**	1,171,355	16.60
Royalties (net of ARTC)	96,720	1.59	**235,840**	**1.65**	67,177	0.95
Production Expenses	529,088	8.70	**1,182,287**	**8.25**	558,631	7.92
Operating Netback	641,118	10.53	**1,244,667**	**8.69**	545,547	7.73

General and Administrative Expenses

Total general and administrative expenses increased 75% in 1996 because of increased activity levels. Overall, general and administrative expenses are expected to keep pace with the Company's increasing activity levels, with continued expected decreases in G&A per BOE. Probe exited 1996 with 16 employees and consultants.



Depreciation, Depletion and Amortization

Probe's provision for depreciation, depletion and amortization rose to $342,827 in 1996 from $179,044 in 1995 because of higher production rates. On a per unit basis, the depletion and depreciation rate has remained constant due to the large increases in both the asset value and reserve base. The Company expects the 1997 provision will rise as production continues to grow.

DD&A	1996		1995	
	$	$/BOE	$	$/BOE
Petroleum & Natural Gas Rights	**214,695**	**1.50**	134,934	1.91
Well Equipment & Other	**103,166**	**0.72**	34,414	0.49
Restoration & Reclamation	**24,966**	**0.17**	9,696	0.14
Total	**342,827**	**2.39**	179,044	2.54

Income Taxes

Probe's provision for corporate income tax in 1996 was $132,000 including $12,000 estimated for Federal Large Corporation Tax. Because of tax pools available to Probe, the Company expects to pay no income taxes in 1997.

Tax Pools, June 30, 1996*:	
Canadian Oil & Gas Production Expense	4,566,930
Canadian Development Expense	1,645,793
Canadian Exploration Expense	1,066,369
Class 41 - Equipment	2,763,638
Other	174,912

*The calculation for the tax pools was completed internally and is subject to final verification.

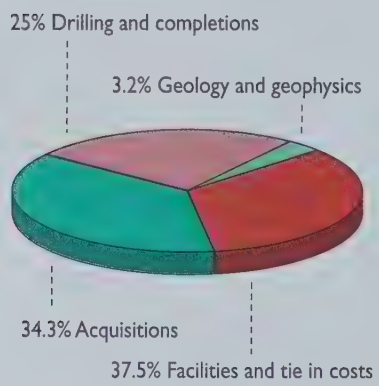
Capital Expenditures

Probe's net capital program totaled $6,676,005 in 1996 compared to $4,009,564 in 1995, an increase of 67%. Capital expenditures totaled $6,598,324, offset by the sale of non-core assets totaling $158,972. The balance of the capital program, $236,653, comprises capitalized general and administrative expense.

The 1997 capital expenditures program is currently approved at $16 million, including:

Facilities and tie in costs	$6.0 million
Drilling and completions	$4.0 million
Acquisitions	$5.5 million
Geological & Geophysical	$.5 million

Capital Expenditures for 1997



Capital Expenditures ($)

	1996	1995
Land & Lease Costs	**1,896,521**	2,430,343
Geological & Geophysical	**487,793**	386,669
Drilling & Completion	**1,602,223**	1,158,976
Production Equipment & Facilities	**2,570,740**	921,296
Capitalized General & Administrative	**236,653**	142,214
Office Furniture & Equipment	**41,047**	21,288
Total Additions	**6,834,977**	5,060,786
Disposition of Assets	**158,972**	1,051,222
Net Capital Expenditures	**6,676,005**	4,009,564

Finding Costs

Expenditures ($)

	1996	1995
Finding	**2,326,667**	1,687,859
On-stream	**2,570,740**	921,296
Subtotal	**4,897,407**	2,609,155
Acquisitions	**1,896,521**	2,430,343
Overall	**6,793,928**	5,039,498

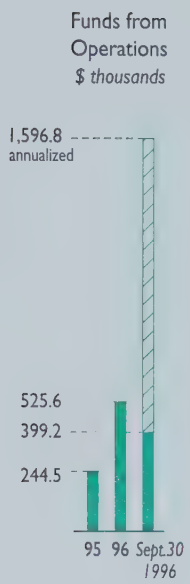
Reserve Additions ($)

	1996	1995
Total Proven, MBOE	**4,141**	2,280
50% Probable	**1,659**	649.5
Total Proven plus 50% Probable	**5,800**	2,929.5

Reserve Addition Costs

	1996	1995
Proven Reserves, MBOE	**4,141**	2,280
Finding	**.56**	.74
On-stream	**.62**	.40
Total Proven	**1.18**	1.14
Acquisitions	**.46**	1.07
Overall	**1.64**	2.21
Proven plus 50% Probable, MBOE	**5,800**	2,929.5
Finding	**.40**	.58
Onstream	**.44**	.31
Total Proven plus 50% Probable	**.84**	.89
Acquisitions	**.33**	.83
Overall	**1.17**	1.72

Financial Resources and Liquidity



Probe funds its operations from four sources: internally generated cash flow, equity, bank debt and off balance sheet financing for facilities. Cash flow in 1996 totaled $525,579, an increase of 115% from the 1995 cash flow of $244,536. In 1996, cash flow per share was $0.02. In 1997, cash flow per share is projected to be $0.17 per share.

At year end, Probe was utilizing $2,300,000 of its credit facility to fund operations and development programs. The Company is currently negotiating a substantial increase to this facility as management believes the Company is under-leveraged at this time. Debt funding will be used to finance day to day operations as well as development work on proven reserves.

Probe completed the purchase of the outstanding shares of Westport Resources Inc. for $2.5 million in October, 1996, thereby increasing Probe's ownership of the Kitscoty project to 85%. This acquisition was funded entirely through Probe's existing credit facilities. Debt financing will also be used to fund acquisitions of additional working interest in core areas.

Exploration expenditures are funded by equity placements and cash flow. A private placement of 910,000 flow-through shares was completed by Probe in October, 1996, in the amount of $1,001,000. Probe has also entered into an agreement to sell an additional 910,000 shares for $1,001,000. This transaction is expected to close by November 30, 1996.

Probe's year-end working capital decreased in 1996 to a deficit of $597,381. The largest component of the change was due to Probe's high working interests in facility upgrades and tie-in costs. Probe's objective is that working capital will be positive by early 1997.

Share transactions completed in 1996 include:

	$	Preferred Shares Issued	Common Shares Issued
Preferred share issues	2,500,000	2,500,000	
Conversion of preferred shares	400,000		666,666
Flow-through share issues	1,051,186		2,277,100
*Shares issued in exchange for assets	3,061,000		7,450,000
Warrants exercised	120,000		200,000
Options exercised	78,300		265,000
Total	7,210,486	2,500,000	10,858,766

**6,000,000 of the 7,450,000 shares were issued to acquire all of the Western Canadian assets of Intermont Inc.*

Business risks

As an oil and natural gas explorer and developer, Probe faces the same inherent risks as other oil and gas producers.

Commodity price volatility is a business risk that Probe has little control over but has developed strategies with which to minimize any potential adverse effects. Probe management is currently reviewing

hedging strategies which could be employed as the production levels achieve sufficient volume. Despite short-term swings in commodity prices, Probe's long-term profitability depends on the Company's ability to control costs, which include finding, on-stream, operating and general and administrative costs. Maintaining efficiency in these areas ensures Probe receives the best netback available and thus maximizes cash flow for reinvestment in its growing capital expenditure programs. Probe's product mix insulates the Company to a certain extent from fluctuations in the price of any single commodity.

Probe recognizes that once crude oil and natural gas reserves are discovered and brought on stream there exists a risk that transportation and markets may not readily exist for these commodities. As well, once reserves are on production, transportation could be disrupted at any time during the productive life of the reserves.

Natural gas transportation and marketing involve a different risk because discovered natural gas reserves require longer lead times to arrange transportation than do crude oil reserves. Natural gas supply and demand fundamentals can, and do, change over time creating the risk that once on-stream, the economics of new production may differ from when the reserves were discovered.

Safety and Environment Issues

Probe's field activities can involve environmental risks such as pollution of the air, land and water, as well as safety risks such as personal injury to our employees, contractors and the public at large. Senior management supports and is responsible for implementing safety policy throughout the organization.

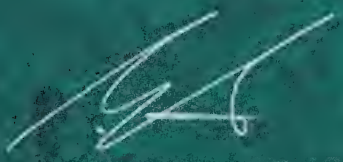
Management's Report

The accompanying financial statements and all information in the annual report are the responsibility of management. The financial statements have been prepared by management in accordance with the accounting policies described in the notes to the financial statements. In the opinion of management, the financial statements have been prepared within acceptable limits of materiality and are in accordance with Canadian generally accepted accounting principles appropriate in the circumstances. The financial information contained elsewhere in the annual report has been reviewed to ensure consistency with that in the financial statements.

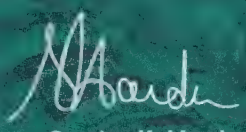
Management has developed and maintains systems of internal accounting controls, policies and procedures in order to provide reasonable assurance as to the reliability of the financial records and the safeguarding of assets.

External auditors, appointed by the shareholders of the Company, have examined the financial statements and have expressed an opinion on the statements. Their report is included with the financial statements.

The Board of Directors of the Company has established an Audit Committee, consisting of non-management directors, to review these statements with management and the auditors. The Audit Committee has approved these statements on behalf of the Company's Board of Directors.



Stephen P. Gibson
President



Sandra K. Harder
Controller

November 6, 1996

Auditors' Report to the Shareholders

To the Shareholders of

Probe Exploration Inc.

We have audited the balance sheet of Probe Exploration Inc. as at June 30, 1996 and the statement of operations and retained earnings and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at June 30, 1996 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

The financial statements as at June 30, 1995 and for the year then ended were audited by other auditors who expressed an opinion without reservation on these statements in their report dated October 2, 1995.

KPMG.

Chartered Accountants

Calgary, Canada
October 18, 1996

Balance Sheets

	Year ended June 30		Three months ended Sept. 30 (unaudited)	
	1996	1995	**1996**	1995
	$	$	**$**	$
ASSETS				
Current assets				
Cash and short-term deposits	**48,894**	44,649	**42,807**	109,890
Accounts receivable	**4,215,411**	1,773,879	**4,590,489**	1,854,074
	4,264,305	1,818,528	**4,633,296**	1,963,964
Oil and gas properties (note 2)	**13,380,175**	7,022,031	**14,023,725**	7,222,808
	17,644,480	8,840,559	**18,657,021**	9,186,772
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities	**4,861,685**	1,912,691	**5,588,100**	1,334,191
Revolving credit facility (note 3)	**2,300,000**	1,000,000	**2,350,000**	1,800,000
Site restoration	**86,349**	61,383	**97,150**	66,481
Deferred income taxes	**120,000**	–	**260,000**	–
Shareholders' equity				
Common Shares (note 4)	**7,367,707**	5,021,265	**7,382,961**	5,021,265
Preferred Shares (note 5)	**2,500,000**	400,000	**2,500,000**	400,000
Retained earnings	**408,739**	445,220	**478,810**	564,835
	10,276,446	5,866,485	**10,361,771**	5,986,100
Commitment (note 7)				
Subsequent events (notes 3 and 8)				
	17,644,480	8,840,559	**18,657,021**	9,186,772

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

Statements of Operations and Retained Earnings

	Year ended June 30		Three months ended Sept. 30 (unaudited)	
	1996	1995	**1996**	1995
	$	$	**$**	$
REVENUES				
Oil and gas sales	**2,662,794**	1,171,355	**1,266,926**	723,063
Royalties	**(235,840)**	(67,177)	**(96,720)**	(74,056)
	2,426,954	1,104,178	**1,170,206**	649,007
Interest and other income	**17,454**	30,608	**4,126**	3,355
	2,444,408	1,134,786	**1,174,332**	652,362
EXPENSES				
Production	**1,182,287**	558,631	**529,088**	304,778
General and administrative	**545,543**	312,206	**206,325**	87,633
Depletion depreciation and site restoration (note 2)	**342,827**	179,043	**126,691**	93,727
Interest	**178,999**	19,413	**39,657**	26,609
	2,249,656	1,069,293	**901,761**	512,747
Earnings before tax expense	**194,752**	65,493	**272,571**	139,615
Tax expense (note 6)				
Deferred	**120,000**	–	**140,000**	–
Current	**12,000**	–	–	–
Net earnings	**62,752**	65,493	**132,571**	139,615
Retained earnings, beginning of year	**445,220**	419,727	**408,739**	445,220
Dividends paid	**(99,233)**	(40,000)	**(62,500)**	(20,000)
Retained earnings, end of year	**408,739**	445,220	**478,810**	564,835
Net earnings per Common Share	**0.00**	0.00	**0.00**	0.00

See accompanying notes to financial statements.

Statements of Changes in Financial Position

	Year ended June 30		Three months ended Sept. 30 (unaudited)	
	1996	1995	**1996**	1995
	$	$	$	$
CASH PROVIDED BY (USED IN)				
OPERATIONS				
Net earnings	**62,752**	65,493	**132,571**	139,615
Add items not requiring cash				
Deferred income tax	**120,000**	–	**140,000**	–
Depletion, depreciation and site restoration	**342,827**	179,043	**126,691**	93,727
	525,579	244,536	**399,262**	233,342
Change in non-cash working capital items related to operations	**(1,118,369)**	438,958	**622,366**	(12,076)
	(592,790)	683,494	**1,021,628**	221,266
INVESTING				
Additions to oil and gas properties	**(6,834,977)**	(5,060,786)	**(1,070,547)**	(289,407)
Proceeds from sale of oil and gas properties	**158,972**	1,051,222	**311,108**	–
Change in non-cash working capital items related to investing	**1,622,413**	(427,715)	**(357,374)**	(638,880)
	(5,053,592)	(4,437,279)	**(1,116,813)**	(928,287)
FINANCING				
Issue of Common Shares	**2,276,910**	3,126,250	**19,300**	–
Issue of Preferred Shares	**2,500,000**	–	–	–
Increase in revolving credit facility	**1,300,000**	750,000	**50,000**	800,000
Share issue costs	**(330,468)**	(40,454)	**(4,046)**	–
Preferred Share dividends paid	**(99,233)**	(40,000)	**(62,500)**	(20,000)
Change in non-cash working capital items related to financing	**3,418**	(6,139)	**86,344**	(7,738)
	5,650,627	3,789,657	**89,098**	772,262
Increase in cash and short-term deposits during the year	**4,245**	35,872	**(6,087)**	65,241
Cash and short-term deposits, beginning of year	**44,649**	8,777	**48,894**	44,649
Cash and short-term deposits, end of year	**48,894**	44,649	**42,807**	109,890

See accompanying notes to financial statements.

Notes to Financial Statements

Year ended June 30, 1996, with comparative figures for 1995

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Oil and gas properties

Probe Exploration Inc. (the "Corporation") follows the full cost method of accounting for oil and gas operations whereby all costs relating to the exploration for, and development of, oil and natural gas reserves are capitalized in one cost centre. Substantially all of the Corporation's activities are conducted jointly with other non-affiliated companies. The accounts reflect only the Corporation's proportionate interest in such activities.

The capitalized cost of oil and gas properties is limited to an estimated recoverable amount which is the aggregate of future net revenues from production of proved reserves after deducting estimated future interest, general and administrative and site restoration expenses and income taxes. Future net revenues are calculated using year-end prices for oil and gas.

Gains or losses on the disposition of oil and gas properties are not recognized unless crediting the proceeds against accumulated costs would result in a change in the depletion rate by 20% or more.

Depletion is provided using the unit-of-production method. For purposes of the depletion calculation, gross proven oil and gas reserves as determined by independent engineers are converted to a common unit of measure on the basis of their approximate relative energy content. The Corporation utilizes a 6:1 conversion rate for accounting purposes.

Well equipment costs are depreciated on the unit-of-production basis while other equipment is depreciated at 20% of the declining balance.

(b) Flow-through shares

Oil and gas exploration and development activities have been financed in part through proceeds from flow-through share issues. The flow-through share agreements provide for the related income tax deductions to be renounced to the shareholders. At the time the renunciations are made, oil and gas properties and share capital are reduced by the value of the tax deductions renounced.

(c) Site restoration

Estimated future site restoration costs are provided on a unit-of-production basis. The provision is based on current costs of complying with existing legislation and industry practice for site restoration and abandonment.

(d) Net earnings per Common Share

Net earnings per Common Share is calculated using the weighted average number of Common Shares outstanding during the year. Fully diluted earnings per share are not shown as there are no material dilutive factors.

(e) Measurement uncertainty

The amounts recorded for depletion and depreciation of oil and gas properties and the provision for future site restoration costs are based on estimates. The ceiling test calculation is based on estimates of proven reserves, production rates, oil and natural gas prices, future costs and other relevant assumptions. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

Notes to Financial Statements

Year ended June 30, 1996, with comparative figures for 1995

2. OIL AND GAS PROPERTIES

June 30, 1996	Cost	Accumulated depletion and depreciation	Net book value
Petroleum and natural gas rights	$ 12,724,303	$ 3,697,369	$ 9,026,934
Facilities, well equipment and other	4,710,335	357,094	4,353,241
	$ 17,434,638	$ 4,054,463	$ 13,380,175

June 30, 1995	Cost	Accumulated depletion and depreciation	Net book value
Petroleum and natural gas rights	$ 9,077,173	$ 3,482,674	$ 5,594,499
Facilities, well equipment and other	1,681,460	253,928	1,427,532
	$ 10,758,633	$ 3,736,602	$ 7,022,031

A ceiling test calculation was performed at the effective date of June 30, 1996 which resulted in the estimated future net revenues from proven reserves exceeding the net book value of the Corporation's petroleum and natural gas properties. The prices used in the ceiling test calculation at June 30, 1996 were $20.24 per barrel of crude oil and $1.58 per MCF of natural gas. The ceiling test is a cost recovery test and is not intended to result in an estimate of fair market value.

Unevaluated properties not subject to depletion as at June 30, 1996 were $564,000 (1995 - $500,000). During the year, the Corporation capitalized general and administrative costs related to exploration and development of $236,653 (1995 - $142,214). The carrying value of the oil and gas properties has been reduced by $1,506,901, representing the tax benefits of exploration and development expenditures renounced to shareholders in connection with flow-through share agreements.

As at June 30, 1996, the estimated site restoration costs to be accrued over the remaining proved reserves are $1,484,000 (1995 - $623,000).

3. REVOLVING CREDIT FACILITY

During 1996, the Corporation increased its revolving production loan facility to a maximum of $3,750,000. The facility is repayable on demand and bears interest at the bank's prime rate plus 1% (June 30, 1996 - 7.5%). Collateral for the facility consists of a $5,000,000 registered demand debenture providing a fixed and floating charge over all assets and undertakings and a general security agreement. The lenders have advised the Corporation that they do not intend to require any repayments during the next fiscal year and accordingly, the drawings have not been classified as current liabilities. The facility is subject to annual review. Subsequent to year end, the Corporation further increased the loan facility to a maximum of $5,000,000.

4. COMMON SHARES

(a) Authorized

Unlimited number of voting Common Shares without nominal or par value.

Notes to Financial Statements

Year ended June 30, 1996, with comparative figures for 1995

(b) ***Issued***

	1996		1995	
	Number of shares issued	**Amount**	Number of shares issued	Amount
Balance, beginning of year	**22,524,848**	**$ 2,981,265**	19,896,402	$ 2,298,587
Issued for cash	**–**	**–**	624,375	243,430
Issued under private placements	**7,150,000**	**2,845,000**	–	–
Issued on conversion of Preferred Shares	**666,666**	**400,000**	–	–
Issued upon exercise of stock options and warrants	**465,000**	**198,300**	75,000	11,250
Flow-through share issues, net of issue costs	**2,277,100**	**942,164**	1,929,071	791,108
Flow-through renouncements	**–**	**(215,022)**	–	(363,110)
	33,083,614	**7,151,707**	22,524,848	2,981,265
Common Shares to be issued	**300,000**	**216,000**	6,000,000	2,040,000
		$ 7,367,707		$ 5,021,265

(c) ***Warrants***

As at June 30, 1996, 1,250,000 warrants (1995 - 1,824,875) for Common Shares were outstanding with an exercise price of $0.80 if exercised on or before April 18, 1997, and $1.00 if exercised between April 18, 1997 and April 18, 1998. These warrants expire on April 18, 1998.

(d) ***Options***

The Corporation has a stock options plan which provides for options to be issued to certain directors, officers and key employees. As at June 30, 1996, options to acquire 2,135,000 (1995 - 1,345,000) Common Shares were outstanding. These options expire on various dates from June 23, 1998 to February 18, 2001 and are exercisable at prices from $0.15 to $0.37 per share.

(e) ***Common Shares to be issued***

Effective June 1, 1996, the Corporation acquired certain oil and gas properties in exchange for a commitment to issue 300,000 Common Shares with a value of $216,000. The Common Shares were issued September 23, 1996.

5. PREFERRED SHARES

(a) ***Authorized***

Unlimited number of Series 1 Class A voting and Series 1 Class B voting Preferred Shares without nominal or par value.

(b) ***Issued***

	1996		1995	
	Number of shares issued	**Amount**	Number of shares issued	Amount
Class A Preferred Shares:				
Balance, beginning of year	**400,000**	**$ 400,000**	400,000	$ 400,000
Converted to Common Shares	**(400,000)**	**(400,000)**	–	–
Balance, end of year	**–**	**–**	400,000	400,000
Class B Preferred Shares:				
Balance, beginning of year	**–**	**–**	–	–
Issued under private placements	**1,900,000**	**1,900,000**	–	–
Issued on the acquisition of oil and gas properties	**600,000**	**600,000**	–	–
Balance, end of year	**2,500,000**	**2,500,000**	–	–
		$ 2,500,000		$ 400,000

Each Series 1 Class B Preferred Share entitles the holder to one vote per share and a cumulative preferential dividend at a rate of 10% per annum based upon the subscription price of $1.00 per share. Each share is convertible, at the option of the holder, into Common Shares of the Corporation at a conversion price of $0.80 per share. Each share is redeemable, at the option of the Corporation, at any time based upon the aggregate redemption amount per share.

6. TAX EXPENSE

Tax expense differs from the amount that would be computed by applying the Canadian statutory income tax rate of 44.6% (1995 - 44.3%) for the following reasons:

	1996	1995
Income taxes calculated at the statutory rate	**$ 82,000**	$ 29,000
Increase (decrease) in income taxes resulting from:		
Non-deductible royalties and mineral taxes	**74,000**	63,000
Alberta royalty tax credit	**(35,000)**	(34,000)
Resource allowance	**(34,000)**	–
Recognition of prior year's losses	**–**	(67,000)
Other	**6,000**	6,000
Non-taxable portion of capital gain	**–**	–
Depletion and depreciation without equivalent basis for income tax	**27,000**	3,000
Large Corporations tax	**12,000**	–
Provision for income taxes	**$ 132,000**	$ –

The Corporation has $200,000 of non-capital losses available to reduce future taxable income, the benefits of which have not been recorded in the accounts. To the extent these balances are not used, they expire as follows:

1997	$ 111,000
1999	89,000
	$ 200,000

Corporate tax returns are subject to assessment by Revenue Canada in the normal course of business. The results of any assessments will be accounted for as a charge to earnings in the year in which they are realized.

7. COMMITMENT

The Corporation is committed under an operating lease agreement for minimum rental payments as follows:

1997	$ 16,000
1998	22,000
1999	33,000
	$ 71,000

8. SUBSEQUENT EVENTS:

(a) Acquisition of Westport Resources Inc.

Effective July 1, 1996, the Corporation acquired all of the issued and outstanding shares of Westport Resources Inc. ("Westport") for cash consideration and debt of approximately $3,000,000. This acquisition will be accounted for by the purchase method whereby the assets and liabilities will be recorded at fair market values and the operating results of Westport will be included in the Corporation's consolidated financial statements.

(b) Issue of flow-through shares

On October 10, 1996, the Corporation entered into an agency agreement to issue 910,000 flow-through Common Shares at a price of $1.10 per share for gross proceeds of approximately $1,000,000.

Financial Summary

	Three months ended Sept. 30, 1996	1996	1995	1994	1993
FINANCIAL					
Oil & Gas Revenue	$ 1,266,926	**$ 2,662,794**	$ 1,171,355	$ 621,447	$ 879,361
Other Revenue	4,126	**17,454**	30,608	531,661	443,103
Total Revenue	1,271,052	**2,680,248**	1,201,963	1,153,108	1,322,464
Production Expenses (incl. royalties)	625,808	**1,418,127**	625,808	361,520	463,549
General and Administration Expenses	206,325	**545,543**	312,206	228,967	258,033
Earnings (Loss) before Depletion, Depreciation, Interest and Taxes	438,919	**716,578**	263,949	562,621	600,882
Interest	39,657	**178,999**	19,413	32,889	49,590
Tax Expense	140,000	**132,000**	–	–	–
Depletion and Depreciation	126,691	**342,827**	179,043	101,238	250,263
Net Income (Loss)	$ 132,571	**$ 62,752**	$ 65,493	$ 428,494	$ 301,029
Funds from Operations	399,262	**525,579**	244,536	21,136	551,292
OPERATING					
Production (BOEPD) avg.	661.4	**392.5**	193.2	79.9	140.7
Average Price per BOE	$ 20.82	**$ 18.59**	$ 16.61	$ 21.29	$ 18.34
Proven Reserves (MBOE)	7,878	**7,878**	3,880.7	1,671	568
Probable Reserves (MBOE) (risked at 50%)	3,027	**3,027**	1,367.5	718	449
NPV at 15% (000's)	$ 74,111	**$ 74,111**	$ 34,931	$ 15,764	$ 2,884
COMMON SHARE DATA					
Common Shares Outstanding	33,443,614	**33,083,614**	22,524,848	19,896,402	16,129,959
Common Shares to be Issued	–	**300,000**	6,000,000	–	–
Net Income (Loss) per Common Share	$ –	**$ –**	$ –	$.02	$.02
Cash Flow from Operating Activities per Common Share	$.01	**$.02**	$ 0.03	$.01	$.03
MARKET PRICE PER COMMON SHARE					
High	$ 1.15	**$ 1.19**	$ 0.57	$ 0.85	$ 0.80
Low	$ 0.82	**$ 0.20**	$ 0.22	$ 0.28	$ 0.10
Close	$ 1.10	**$ 1.00**	$ 0.45	$ 0.38	$ 0.80
Volume	2,347,705	**12,956,752**	4,225,484	5,087,054	4,356,534
Land Holdings					
Gross		**151,956**	194,533	107,067	87,750
Net		**86,090**	95,795	35,933	29,000

** See inside back cover. Volumes restated to conform to industry practise (10 MCF = 1 Bbl)*

All photos are supplied by the Royal Tyrrell Museum of Palaeontology, except Kitscoty aerial view which was supplied by Probe Exploration Inc.

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Trading Symbol - PRX

Reporting issuer in Quebec

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ABBREVIATIONS

BBLS	Barrels
BCF	Billion cubic feet
BOPD	Barrels of oil per day
MBBLS	Thousand barrels
BOE	Barrel(s) of oil equivalent *
BOEPD	Barrels of oil equivalent per day
MBOE	Thousand barrels of oil equivalent
MMBBLS	Million barrels
MMBOE	Million barrels of oil equivalent
MCF	Thousand cubic feet
MMCF	Million cubic feet
MSTB	Thousand stock tank barrel

**To conform with industry practise natural gas is converted at ten thousand cubic feet per barrel*

Probe Exploration Inc.

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